

● Article ●

Post-Soviet Integration: Case of Eurasian Economic Union*

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Abstract

In some respects, the Eurasian Economic Union is not unique for it reveals consistency with other cases of economic integration around the globe. Yet, it is the only example that compositionally can be referred to as a partial re-integration, although in substance it is a qualitatively new formation in progress. The historical legacy of Soviet integration and disintegration affects the contemporary process. The ideological and political component of the common Soviet past emerges immediately whenever closer cooperation among the post-Soviet economies is being discussed. Even so, the scholarly accounts increasingly approach the Eurasian Economic Union as the first integration among several post-Soviet economies that is modelled on the European Union. The objective of this paper is twofold: to examine the formation of the Eurasian Economic Union against the theoretical and historical backgrounds, and to explore the expectations of member states associated with this integration.

Keywords: Eurasian Economic Union, integration

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Introduction

The Eurasian Economic Union (EAEU) was launched in 2015. Unlike Belarus, Kazakhstan and Russia, who have been engaged in various forms of post-Soviet integration since the early 1990s, Armenia and Kyrgyzstan had to make an uneasy choice weighing the benefits of accession against the costs thereof.

Albeit for its composition the EAEU can be referred to as a partial re-integration, in substance, it is a qualitatively new formation in progress. The historical legacy of Soviet integration and disintegration affects the contemporary process of Eurasian integration (Lane and Samokhvalov 2015, Bassin and Pozo 2017, Laruelle 2019, Kobayashi 2019). In the process of its formation, the Soviet Union eventually embraced nearly all the territories formerly dominated by the Russian Empire. Yet, the Soviet style of political and socio-economic governance was never fully accepted by many incorporated nations. Expectedly, the ideological and political burdens of the past Soviet integration emerge immediately whenever closer cooperation among the post-Soviet economies is being discussed. The early progressions of *perestroika* triggered the so-called parade of sovereignty with the Baltic nations, Georgia and Azerbaijan being the first to file for their withdrawals from the Union. This contributed to the acceleration of the Soviet Union demise. Conversely, some nations were reluctant to leave the Soviet Union¹ looking for the ways as to how to re-arrange the integration under the tenets of newly gained sovereignty. Nevertheless, the post-Soviet re-integration was lethargic. To a great extent, this can be explained by Russia's lack of interest (and, no less importantly, means) in pursuing a new integration project in the post-Soviet realm. In 1992, Russia launched the deepest in the post-Soviet group liberal reforms in a shock therapy (big bang) mode and became naturally oriented at the convergence with economically advanced EU and West at large (Calder 2019). It took Russia longer than a decade and a disappointment with the modest results of its pro-Western concentration to start discerning the potential benefits of economic integration with the former Soviet economies.

¹ Kazakhstan and Kyrgyzstan were the last to petition for sovereignty, while Tajikistan was the last to abolish the Russian rouble circulation and introduce the national currency in 1995.

Russia's inclination towards the post-Soviet integration appears to have been strengthening in response to the regress in its cooperation with the EU (and other nations, most of all, the US) and other highly relevant institutions (such as NATO). Yet, before Russia has formulated the rationale for the re-integration, some nations formerly sympathising with or neutral about Russia-led integration, have grown hostile to such an idea (Ukraine). Also, the re-integration has become naturally more complicated, because for over nearly two decades the newly independent economies had been restructuring away from the formerly interconnected cooperation and production systems. A result of the dis-integration and subsequent market transitions, the post-Soviet economies have become less interrelated. It is for the reasons explained above that equating the newly attempted Eurasian integration to à-la Soviet re-integration is not entirely correct.

The motivation for this paper is to examine the member-states incentives for founding and joining the EAEU. Such an interest is underpinned by the concern to explore the validity of the still dominating in scholarly work assessment that the EAEU is a "Putin's project" enforced by Russia on the member-states against their best economic interests². This study probes into the institutionalisation of Eurasian economic integration, whereas a separate work analyses the preliminary effects of economic integration on the member states' trade, investment, labour migration, education, and economic and institutional convergence (Shadrina 2020).

The rest of the paper is organised as follows. First, the study profiles the EAEU with the help of principal economic metrics. To place the case of the Eurasian integration in the theoretical and historical context, the paper

² Shumylo-Tapiola, Olga (2012) *The Eurasian Customs Union: Friend or Foe of the EU?* Carnegie Europe; Carnegie Endowment for International Peace; Hartwell, Christopher A. (2013) A Eurasian (or a Soviet) Union? Consequences of further economic integration in the Commonwealth of Independent States. *Business Horizons*. 56: 411-420; Mostafa, Golam (2013) The concept of 'Eurasia': Kazakhstan's Eurasian policy and its implications. *Journal of Eurasian Studies*. 4: 160-170; Popescu, Nicu (2014) Eurasian Union: The real, the imaginary and the likely. *Chaillot Papers*. European Union Institute for Security Studies; Svarin, David (2016) The construction of 'geopolitical spaces' in Russian Foreign Policy Discourse Before and after the Ukraine Crisis. *Journal of Eurasian Studies*. 7: 129-140; Dragneva, Rilka and Kataryna Wolczuk (2017) The Eurasian Economic Union Deals, Rules and the Exercise of Power. Chatham House. *The Royal Institute of International Affairs. Research Paper*.

summarises scholarly work on the integration theory and takes a terse glance at the origins of Russia's Eurasianism. A retrospective overview of the process of the post-Soviet economic (dis)integration focuses on the member states' motivation for engaging in or abstaining from the Eurasian integration. The analysis of the EAEU institutionalisation since the integration's commencement in 2015 facilitates understanding of the principles of Eurasian supranationalism. The conclusion summarises the key arguments and findings.

Economic Profile of EAEU

Presenting the EAEU's key characteristics is helpful for grasping the scale of economic integration at hand (Table 1). The EAEU's land and energy resources endowment are substantial. However, the EAEU has disproportionately small (and shrunk by 0.07 % in 2018 vis-à-vis 2010) representation in the global population. Also, the EAEU has an insignificant weight in the global economy. It makes only a minor (and declined by 0.42 % over the considered period) contribution to the world's GDP and holds negligible (and contracted by 0.2 % in 2018 versus 2010) share in the world exports.

Table 1: EAEU in the World, Selected Characteristics, 2018, %

Territory	Population			GDP			Export			Proved Reserves			Electricity Generation
	2018	2010	2018/ 2010	2018	2010	2010- 2018 avg.	2018	2010	2010- 2018 avg.	Oil	Gas	Coal	
13.63	2.44	2.51	-0.07	2.22	2.64	2.68	1.61	1.81	1.86	7.8	29.7	17.6	4.7

Source: based on WB, BP Statistical Review of World Energy, 2019, <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf>

The EAEU-members' population profiles are diverse in several respects (Table 2). By the parameter of the density of population, the most populous in the EAEU Russia is, nonetheless, one of the scarcely populated nations in the world. In addition, Russia has a highly uneven distribution of population across its territory. Similar characteristics hold for Kazakhstan. Armenia's population is the smallest and, unlike in the rest of the EAEU economies, it has been shrinking. To a great extent, the latter is the result of emigration coupled with low fertility. To characterise the scale of emigration, in contrast to 3 mn people living

in Armenia, about 0.7 mn of native Armenians live in France, 1.5 mn reside in the US and close to 2 mn live in Russia. Belarus is similar to Armenia in terms of population growth trends underlined by a low fertility rate. Among the EAEU members, Kyrgyzstan has the fastest growing population, albeit the growth has started to slow down. In contrast to the rest of the EAEU members, Kazakhstan and Kyrgyzstan have fertility rates that ensure their populations' growth. Belarus appears to face multiple challenges on the account of the declining population. In this regard, Armenia and Russia do only a little better than Belarus. Recently, Russia has been proactively promoting immigration launching policies oriented at the assimilation of Russian-speaking citizens of the former Soviet republics. Although initially such a policy generated migration inflow helping Russia maintain its population profile, the trend has reverted lately. Besides the persisting negative demographic trends, the latter was due to the shrinking net migration under the growing emigration of the Russian population and declining immigration, especially from rapidly transforming Uzbekistan (the largest source of migrants to Russia).

Table 2: EAEU's Population Metrics

	Population, 2018, 1,000	Share in Total Population, 2018, %	Change 2018/ 2013, 1,000	Avg. Annual Growth 2014- 2018, %	Change in Population Share 2018/2014, %	Fertility Rate, birth per woman, 2017
Armenia	2,965.1	1.61	-52.0	-0.35	-0.04	1.60
Belarus	9,475.2	5.15	7.0	0.01	-0.06	1.54
Kazakhstan	18,395.6	10.00	1,234.7	1.40	0.43	2.76
Kyrgyzstan	6,389.5	3.47	612.9	2.04	0.23	3.00
Russia	146,780.7	79.77	3,113.8	0.43	-0.57	1.78
EAEU	184,006.1	100	4,916.4	0.54	n/a	2.14

Source: author, based on http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/econstat/Pages/population.aspx

The EAEU members are also very disproportional by the scale of their economies (Table 3). It shall be noted that nominated in USD the value of GDP fluctuates tremendously, responding to the swings in the exchange rates of the national currencies. Although Russia remains the dominant economy in the EAEU, its share in the total GDP has been declining in recent years. Similarly, Belarus' share in the EAEU's GDP has revealed the signs of decline. On the other hand, smaller economies - Armenia and Kyrgyzstan – displayed minor rises in their contributions to the EAEU's GDP.

Table 3: Share in EAEU's GDP, %

	2005	2010	2015	2018	Avg. 2005-2018	Change 2018/ 2014
Armenia	0.57	0.53	0.65	0.65	0.57	0.17
Belarus	3.52	3.26	3.40	3.11	3.15	-0.16
Kazakhstan	6.65	8.49	11.33	9.04	7.88	-0.19
Kyrgyzstan	0.29	0.27	0.41	0.42	0.32	0.11
Russia	88.98	87.44	84.21	86.78	87.51	0.07

Source: author, based on http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/econstat/Pages/national.aspx

The EAEU's share in the global trade is declining: in 2018, it was under 2.2 %, down from 2.6 % in 2014 (Table 4). The decline is largely a result of a significant drop in Russia's (and, partly, Kazakhstan's) dollar-nominated resource-dominated exports. The two countries display a range of effects that are typical for hydrocarbon-dependent economies.

Table 4: EAEU's Shares in the World Export, %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Change 2018/ 2014
Armenia	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.01
Belarus	0.08	0.14	0.19	0.17	0.16	0.14	0.13	0.15	0.15	-0.01
Kazakhstan	0.25	0.27	0.32	0.32	0.28	0.21	0.19	0.22	0.23	-0.05
Kyrgyzstan	0.03	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.01
Russia	2.10	2.33	2.38	2.31	2.13	1.62	1.51	1.67	1.75	-0.38
EAEU	2.46	2.78	2.93	2.84	2.61	2.00	1.87	2.08	2.18	-0.43

Source: author, based on <https://data.imf.org/regular.aspx?key=61013712>

Thus, the EAEU has an outstanding energy endowment, weakening demographic profile (a result of negative dynamics in the most populated economies) and decreasing already very modest contributions to the global GDP and trade. An important note is that the EAEU's economic parameters have been affected by the inferior performance of its largest economy – Russia. According to the forecast of the IMF and the European Bank for Reconstruction and Development (EBRD), in the short term, Russia will see the lowest among the EAEU economies GDP growth of just over 1 %. To the contrary, smaller economies Armenia and Kyrgyzstan, who have slightly improved their positions in output and trade both within the EAEU and outside, are projected to grow the fastest at 5-6 % and 4 %, respectively. That is

being said, Fig. 1 depicts that despite the negative trends in Russia's economic performance, it is still the leader in the group by the results of economic transition with one exception being the enhancement of renewable energy. The least successful at economic transition is Kyrgyzstan, who markedly lags behind its peers.

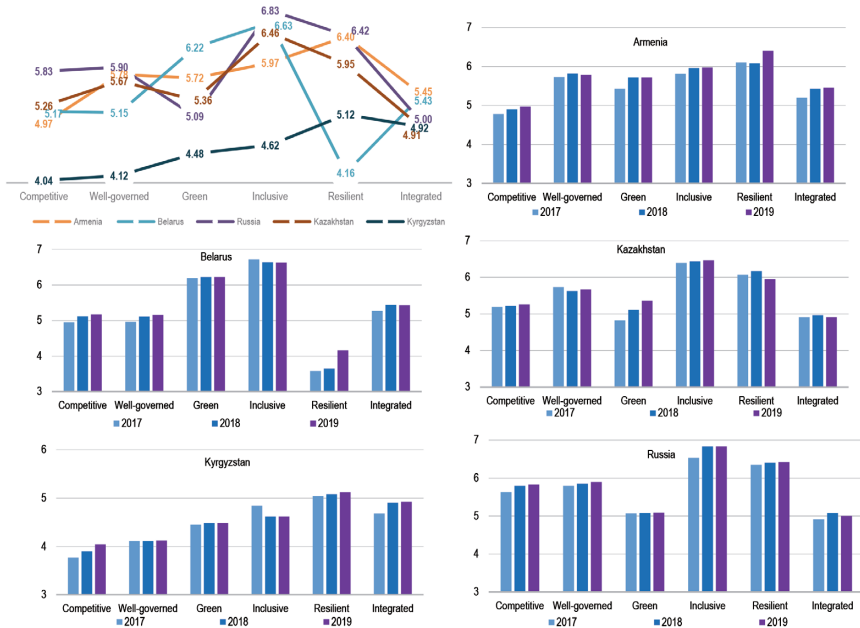


Fig. 1: Assessment of Transition Qualities, 2019; by Country, 2017-2019

Source: author, based on data <https://www.ebrd.com/what-we-do/economic-research-and-data/data/forecasts-macro-data-transition-indicators.html> Note: methodology explainers <https://2019.tr-ebrd.com/reform/>

Theory of Integration

The integration research embraces numerous accounts belonging to an array of disciplines. Characterising this diversity in a very generic way, the integration scholarship can be presented as contributed by the students of political science and economics. The former includes research in International

Relations (IR), Regional Integration (RI), Comparative Politics (CP), Public Policy (PP), as well as interdisciplinary studies (Rosamond 2000). Theories of economic integration advance studies on cooperation (diminished discrimination) and integration (abolished discrimination), distinguishing within the latter between the traditional/ static (old regionalism) and dynamic (new regionalism) modes (Hosny 2013). The theory of economic integration emphasises two particular effects associated with integration: trade creation – a shift from the consumption of higher-cost domestic products in favour of the lower-cost products of the partner country; and trade diversion – shift in the source of imports from lower-cost external sources to higher-cost partner sources (Balassa 1961).

Whereas a decent in any form literature survey on the theory of integration appears to be impossible within the scope of this work, the systematisation of the existing research supported by representative works for a specific school of thought assists our task of analysing the Eurasian integration (Table 5). Such systematisation helps compare the integration scholarship upon two criteria: the dependent variable (what the theory explains) and the actor (s).

The integration theory has advanced in several dimensions, which discern different outcomes of integration: cooperation (IR), integration (RI), governance (CP/ PP), and economic development (EI). The disciplines also diverge about the principal actor in the process of integration from the format which is organised exclusively by the national state to the state and a limited circle of stakeholders (interest groups), or even to a diverse group of actors consisting of subnational, national, transnational and supranational players.

The IR theories focus on the role of states as the major actors of international politics acting for the sake of protecting their interests. Yet, the IR theories differ significantly in describing the nature of international structure and the properties of states, which make cooperation either difficult or probable or even desirable. In turn, the RI theories present non-state centric neo-functionalism tradition and the state-centric intergovernmentalism tradition. Both assume that integration is driven by economic interests, operate by the categories of low and high politics to substantiate that it is easier to integrate low politics (economic and welfare policies) than high politics (foreign policy and security) and emphasise the role of the interest groups. Among several differences between these traditions is such that neo-functionalism sees

Table 5: Theories, Dependent Variables and Influence of Actors

Theories	Dependent Variable	Main Actors
International Relations (IR) Theories 1. neorealism (Grieco 1995, Waltz 1979) 2. neoliberal institutionalism (Keohane 1984) 3. constructivism (Wendt 1999)	cooperation 1. voluntary policy adjustment to achieve beneficial outcomes 2. mutual adjustment of policies, policy coordination 3. reciprocal interaction; state interests are endogenous and changeable in interaction	states
Regional Integration (RI) Theories <i>I. state-centric</i> 1. federalism (Böka 2006) 2. intergovernmentalism (Hoffmann 1964) 3. domestic politics, two-level game (Putnam 1988) 4. liberal intergovernmentalism (Moravcsik 1991, 1993) <i>II. non-state-centric</i> 1. neofunctionalism (Haas & Schmitter 1964, Haas 1968) functionalism (Mitrany 1943) 2. elite-bargain (Sandholtz & Zysman 1989) 3. transactionalism (Deutsch 1957, Sweet & Sandholtz 1998)	integration I. in times of threat, the process of integration and federalisation advances; policy-coordination between states to manage interdependence; involves intergovernmental bargaining II. process of new political community formation/ new actor formation, formation of security/ political community	I. states, interest groups in domestic low politics (economic and social agenda) II. flexible task-oriented international, supranational entities and interest groups (national, transnational) (spillover, spill-around, buildup, retrench, middle-about, spill-back and encapsulate strategies)
Comparative Politics (CP)/ Public Policy (PP) Theories I. pluralist: multi-level governance, MLG (Marks 1996), policy-network (George & Bache 2001), collective governance (Wallace 2005) II. institutionalism – old (Stein 1981), new (Pollack 2005): rational (Hall and Taylor 1996), historical (Bulmer 1998), sociological (Risse 2004)	governance and policymaking I. governance II. policymaking as binding decision making in the public sphere	I. states, supranational organs and interest groups II. institutions: formal, informal, norms, values, beliefs, culture and actors (states, supranational entities, interest groups)
Multidimensional Approach	integration and governance defined upon 3 dimensions: 1. institutional development 2. enlargement 3. socio-economic policy-cooperation	1. states (functionality, efficiency and power) 2. states (geopolitical interest) 3. states, supranational bodies, interest groups (domestic problem-solving)
Economic Integration (EI) Theories 1. market integration models (Viner 1950, Balassa 1961) 2. development integration models (Robson 1980) 3. industrial planning as redistributive/ corrective mechanism (Myrdal 1957)	economic development 1. free exchange area, customs union, common market, economic union, economic and monetary union 2. economic development driven by trade/ investment creation and trade/ investment diversion 3. polarisation effect (economic development tends to concentrate in more developed member economies)	states, supranational bodies, interest groups

Source: author, based on Rosamond (2000), Hosny (2013) and other research as cited.

integration as a society-based process to form a political community, while intergovernmentalism defines integration as policy coordination between states in different areas. The CP/ PP theories argue that integration is no longer an international organisation, but a political system in which policy outcomes are formed not only by the states but increasingly by other actors and institutions; the decision-making is made not only by intergovernmental but also by inter-institutional bargaining. The pluralist theories highlight the multi-level nature of the political system in which the decision-making authority is shared by the governments across multiple levels and among various (subnational, national and supranational) actors. Institutionalism holds that it is impossible to understand the strategies and interactions of actors without taking into consideration the role of institutions, therefore the theory focuses on institutions that structure the actors' behaviour and political outcomes. Different schools within new institutionalism converge that institutions matter for policy outcomes because they channel, constrain and shape actors' behaviour.

The scholarship of economic integration, which draws heavily on the history of European economic integration, makes it clear: economic integration cannot succeed without political support from the founding nations. An individual's political will and visionary of the common future have played a distinguished role at the outset of the European integration (Baldwin and Wyplosz 2015, Richardson and Mazey 2015). On this, a seminal Balassa's work reads: "Political motives may prompt the first step in economic integration, but economic integration also reacts on the political sphere; similarly, if the initial motives are economic, the need for political unity arise as a later stage" (1961: 7). Furthermore, on a case relevant to our study Balassa observes that "... underdeveloped countries need more state interference in economic affairs than do advanced economies, since, in the former, the market incentives are often not conducive to development" (1961: 10).

Eurasianism

The Russian historical traditions of Eurasianism are originating in the philosophical writings of Slavophiles at the beginning of the XIX century. The founders of the Slavophilism, Mikhail Pogodin, Aleksey Khomyakov, Ivan Kireevsky, Konstantin Aksakov and Yuri Samarin, formulated the

fundamental principles of the Slavophile theory of history contributing to the development of Pan-Slavism (Leatherbarrow and Offord 2010). The traditions of classical Eurasianism were formed after the 1917 October Revolution by the Russian émigré community. The circle of Eurasianism thinkers was diverse in terms of professional occupations, personal religious beliefs and political views, but they were genuinely debating the future of Russia seeing it in the context of the Eurasian continent. The most outstanding leaders of classical Eurasianism were Nikolai Trubetskoy, Vladimir Vernadsky, Pyotr Suvchinsky, Georgy Florovsky and Pyotr Savitsky. Their collective volume titled “Exodus to the East” published in Sofia in 1921, albeit revealed the influence of the Slavophile movement presented a broader view on the Russian identity, which included Slavs and non-Slavs. The most renown (even if criticised by academics for lacking robust methodology) Soviet Eurasianist, Lev Gumilev developed the concept of Russian-Eurasian civilisation emphasising the idea that the Russian *ethnos* originated out of the symbiotic interaction with the Turkic people (Bassin and Pozo 2017). The post-Soviet neo-Eurasianism is most immediately associated with Alexander Dugin (Laruelle 2019). Some characterise contemporary Eurasianism as pragmatic and contrasting the concept of federalism in integration theory.³ There are several approaches within modern Eurasianism. The first is coined “holding-together integration” to mean that the Eurasian integration “is regional integration initiated by a group of countries that until recently were part of a unitary state or a colonial empire and maintain a high level of economic, political and cultural ties” (Libman and Vinokurov 2012). The second approach, called cooperative hegemony, “is a type of regional order within which soft control is exercised through cooperation agreements based on a long-term strategy”, which can also be understood as a binding contract between the regional centre and the periphery. The third approach explains Eurasian integration upon liberal intergovernmentalism (Hoffmann 1966, Milward et al. 1994; Moravcsik 1998, 1999), considering supranational institutions to be

³ Hereinafter on the types of pragmatic Eurasianism see: Kofner, Yuri (2019) Pragmatic Eurasianism. Four approaches for better understanding the Eurasian Economic Union, March 15, <http://neweasterneurope.eu/2019/03/15/pragmatic-eurasianism-four-approaches-for-better-understanding-the-eurasian-economic-union%E2%BB%BF/>, accessed on May 30, 2019.

of limited importance in the integration process and emphasising instead the role of national governments as the key actors in the process of integration. The liberal intergovernmentalists argue that the integration process involves bargaining, package deals and side payments. Finally, there is a concept of “geoeconomic determinism” underpinned by the theories of geostrategists Mackinder and Spykman, and influenced by Brzezinski,⁴ but also incorporating the ideas of Russian classical Eurasianism.

Post-Soviet Economic (Dis) Integration

Institutionally, the EAEU is linked to the Commonwealth of Independent States (CIS), which for long has been a nominal rather than practically functioning project of the post-Soviet integration. The CIS was initiated by Belarus, Russia and Ukraine in December 1991 and soon joined by other former socialist republics except for the Baltic states, who resolutely have chosen not to participate in it. Georgia accessed to the CIS in 1993 but withdrew in 2008 following the Russo-Georgian War. Also, Ukraine and Turkmenistan have never ratified their membership.⁵ In the aftermath of the Crimean crisis, an associate member Ukraine abolished its participation in the CIS statutory bodies on May 19, 2018.

In the 1990s, most of the post-Soviet economies, including Russia, were genuinely inspired by the newly opened opportunities for closer cooperation with the EU (Diesen 2018). However, a great divergence in the CIS’ attitudes towards the EU has been revealed in the early 2010s (Table 6, Box 1). Initially, Georgia, Moldova and Ukraine were not squarely consistent in their choices between the post-Soviet integration and the EU-oriented cooperation

⁴ The spatial-functional structure of the world with a significant role designated to Central Asia was initially presented by a British geographer and geopolitician Halford J. Mackinder in his speech *The Geographical Pivot of History* (1904) at the Royal Geographical Society. Later, an American political scientist Nicholas Spykman also emphasised the importance of Eurasia. The early post-Soviet studies of Eurasia were largely influenced by an American geostrategist and former National Security Advisor Zbigniew Brzezinski, the author of *The Grand Chessboard* (1997).

⁵ In 2005, Turkmenistan applied for and was given a status of an associate member. In the aftermath of the Georgian War of 2008, Georgia nullified its membership in the CIS. Following the Crimean crisis, Ukraine also terminated its connection with the CIS.

(Menon & Rumer 2015, Charap & Colton 2017, Ademmer 2017). In the perception of many, the post-Soviet integration was proactively promoted by Russia. In reality, it was Kazakhstan who lobbied steadily for the integration initiatives among the former socialist economies (Vinokurov & Libman 2012ab). The Ukrainian political and economic elites were vacillating between the two choices especially dramatically (Leukavets 2019).

Thus, the post-Soviet integration undertakings were frequently initiated by and implemented among Belarus, Kazakhstan and Russia. The three launched the Customs Union in 1993. Kyrgyzstan and Tajikistan joined the Customs Union and the Single Economic Space in 1999. The Eurasian Economic Community (EurAsEC), uniting five respective economies, was launched in 2000. In 2003, the Single Economic Space (SES) was agreed upon by Belarus, Kazakhstan, Russia and Ukraine. Participation in the SES became Ukraine's final official act towards the institutionalised integration with the CIS members.

The enlargement of the EU to the East in 2004 was one of the catalysts of the Ukrainian Orange Revolution which revealed the depth of the pro-Western vis-à-vis pro-Russian divide in the country. The economic interests and energy infrastructure have been keeping Ukraine tightly bound to Russia. Meanwhile, assisted by exceptionally favourable oil prices throughout the early 2010s, Russia has re-emerged economically. This has made Russia grow increasingly assertive in political affairs. Whereas the established in the 1990s sundry dialogue formats between Russia and the EU, US and NATO have started to shrink, the inclination of the post-Soviet countries towards the EU has been gradually solidifying. The Russo-Georgian War of 2008 has amplified concerns over Russia's actual intentions in the so-called near abroad.⁶ Subsequent Georgia's siding with the EU with the expectations then still high for its accession to both the EU and NATO, influenced public sentiment in Ukraine. The Euromaidan of November 2013–February 2014 finalised Ukraine's pro-European choice and departure from the post-Soviet setting (Ademmer 2017).

⁶ Russia's term for the former Soviet republics.

Table 6: Frameworks for the EU and Post-Soviet Countries Cooperation

Country	Cooperation Frameworks			ENP (2004) → EaP (2009)	Visa liberalisation across the Schengen area
	PCA effective/ suspended	DCFTA effective	AA signed/ effective		
Georgia	1999	01.09.2014	27.06.2014/ 01.07.2016	*	March 2017
Moldova	1998	01.09.2014	27.06.2014/ 01.07.2016	*	March 2014
Ukraine	1998	01.01.2016	29.05.2014/ 01.01.2017	*	June 2017
Azerbaijan	1999			*	
Armenia	1999			*	
Belarus	1995 - 1997			*	
Russia	1997 - 2014				
Kazakhstan	1999				
Kyrgyzstan	1999				
Tajikistan	2010				
Turkmenistan	1998				
Uzbekistan	1999				

Note: for the acronyms and explanations see Box 1.

Source: author.

Box 1: Frameworks for the EU-Post-Soviet Countries Cooperation

Since 2004, Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine were embraced by the *European Neighbourhood Policy* (ENP),⁷ which seeks to enhance the ties between the EU member states and the East and South European countries. The *Eastern Partnership* (EaP)⁸ initiative was launched in 2009 to provide an inclusive framework for cooperation between the EU member states and the above European countries on: (1) economic development and market opportunities; (2) strengthening institutions and good governance; (3) connectivity, energy efficiency, environment and climate change; and (4) mobility and people-to-people contacts. The EaP emphasises that each country freely chooses the scope and scale of relations with the EU.⁹ Under the framework of EaP, the EU and Armenia concluded the *Comprehensive and Enhanced*

⁷ European Neighbourhood Policy, https://eeas.europa.eu/diplomatic-network/european-neighbourhood-policy-enp_en, accessed May 12, 2019.

⁸ Eastern Partnership, https://eeas.europa.eu/diplomatic-network/eastern-partnership_en, accessed May 12, 2019.

⁹ https://eeas.europa.eu/headquarters/headquarters-homepage/35712/myths-about-eastern-partnership-factsheet_en, accessed May 12, 2019.

*Partnership Agreement (CEPA)*¹⁰ in 2017. The CEPA covers wide range cooperation in economic, trade and political areas, and sectoral policies. Among other areas, it covers legal cooperation, the rule of law, combating money laundering and terrorist financing, and fighting organised crime and corruption. The CEPA is designed to bring Armenian law gradually closer to the EU acquis. However, it does not target at establishing an association between the EU and Armenia.

*Agreement Establishing an Association (AA)*¹¹ is a treaty between the EU member states and a non-EU country that creates a broad framework for co-operation between them. Areas frequently covered by such agreements include the development of political, trade, social, cultural and security links. According to the European External Action Service, for an agreement to be classified as an AA, it must meet several criteria: (1) the legal basis for their conclusion is Article 217 TFEU (former Art. 310 and Art. 238 TEC); (2) intention to establish close economic and political cooperation (more than simple cooperation); (3) creation of management bodies competent to take decisions that bind the contracting parties; (4) offering Most Favoured Nation treatment; (5) providing for a privileged relationship between the EC and its partner; (6) since 1995 the clause on the respect of human rights and democratic principles is systematically included and constitutes an essential element of the agreement; and (7) in a large number of cases, the association agreement replaces a cooperation agreement thereby intensifying the relations between the partners. The AAs are concluded with the countries which satisfy at least one of the criteria: have a special historical bond with EU member states (mainly former colonies of the EU members states); members of the European Free Trade Area (EFTA); prospective members of the EU. In the 1990s, the majority of post-Soviet economies have concluded the *Partnership and Cooperatio Agreement (PCA)*¹² with the EU. The PCA is a legally binding agreement between the EU and third countries serving the purpose of assisting these countries in their democratic and economic development. A PCA is typically effective for ten years, after which they are automatically extended each year provided no objections are raised. While ratification of the EU – Belarus PCA was suspended in 1997 over the EU's concern about Belarus increasingly nondemocratic development and the EU – Russia PCA was suspended in 2014 over Russia's role in the Crimean crisis, Kazakhstan concluded the *Enhanced PCA*¹³ with the EU in 2015

¹⁰ Comprehensive and Enhanced Partnership Agreement, https://eeas.europa.eu/headquarters/headquarters-homepage/36141/new-agreement-signed-between-european-union-and-armenia-set-bring-tangible-benefits-citizens_en, accessed May 12, 2019.

¹¹ Association Agreement, <https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vh7dosdm4dzj>, accessed May 12, 2019.

¹² Partnership and Cooperation Agreement, <https://www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vh7gkuhng0wh>, accessed May 12, 2019.

¹³ Enhanced Partnership and Cooperation Agreement between the European Union and the Republic of Kazakhstan, https://eeas.europa.eu/delegations/kazakhstan/18499/enhanced-partnership-and-cooperation-agreement-between-european-union-and-republic-kazakhstan_en, accessed May 12, 2019.

and is discussing its accession to the ENP, and Armenia concluded an *Updated PCA* in 2018. The countries that voiced their interest in closer association with the EU — Georgia, Moldova and Ukraine — have replaced their PCA with the *Deep and Comprehensive Free Trade Agreement (DCFTA)*.¹⁴ The DCFTAs allow the three countries to access to the European Single Market in selected sectors and grant the EU investors in those sectors the same regulatory environment in the associated country as in the EU.

Onset of Eurasian Integration

The well-known historical fact is that the idea of creating the Eurasian Union was voiced by the then president of Kazakhstan Nursultan Nazarbayev in March 1994 during his speech at the Moscow State University. Not having been dismissed, the initiative nonetheless did not receive considerable interest of the nations who it was directed to, most of all Russia. While at the early stage of independence, having few international connections, Kazakhstan was interested to maintain strong economic and security links with Russia, the latter's ultimate priority was towards forging closer economic ties with the EU with the expectations going as far as establishing free-trade zone, greater co-operation in the industrial sector, a more homogenous educational space and visa-free travel, among other things. In the following years, Kazakhstan has announced and successfully introduced the multi-vectorial foreign policy to fulfil its ambitions to develop balanced relations with Russia, China, EU, USA, Japan and other nations (Golam 2013). Pursuing the very same vision in its own foreign policy, Russia was, nonetheless, observing the increasing multi-vectorial orientation of the former Soviet countries with growing anxiety. The recurring swings of the sequential Ukrainian governments back and forth between the post-Soviet integration and the association with the EU became a point of deep concern to the Russian government. Having eventually turned less optimistic about its own prospects for genuine integration with the EU, in

¹⁴ Deep and Comprehensive Free Trade Agreement with Ukraine <http://ec.europa.eu/trade/policy/countries-and-regions/countries/ukraine/>, with Georgia <http://ec.europa.eu/trade/policy/countries-and-regions/countries/georgia/>, with Moldova <http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova/>, accessed May 12, 2019.

2011 Russia stepped forward with the idea of United Eurasia.¹⁵ Rejecting the notion that the formation of a new union among the post-Soviet states is an attempt to revive the Soviet Union, then prime-minister Vladimir Putin suggested that a “powerful supranational association” will not “stand in opposition to anyone,” rather the stretching from “the Atlantic Ocean to the Pacific Ocean” project will enable cooperation throughout Greater Europe. The latter echoed the Gorbachevian vision of “Lisbon to Vladivostok.” At this stage, Russia was envisioning the establishment of an FTA between the EU and the emerging Eurasian integration. In 2011, the heads of Belarus, Kazakhstan and Russia explicitly demonstrated their coordinated support of the Eurasian integration.¹⁶ Meanwhile, as the divisions between Russia and the EU grew wider on a range of topics in one or another way linked to the EU’s EaP and the NATO’s potential expansion into Eastern Europe (Caiser and DeBerdeleben 2018), Russia adopted a more pragmatic approach and announced a Greater Eurasia vision in 2016.¹⁷ Notwithstanding its relatively small scale, the EAEU emerged as a part of Russia’s newly adopted masterplan of Greater Eurasia embracing a broad range of actors such as China, Central Asian countries, India, Iran, Pakistan, Singapore, Indonesia, Vietnam, Thailand, Malaysia and others. Apparently, the fact that geo-economic components of Russia’s Greater Eurasia conception overlap with China’s Belt and Road Initiative (BRI) add attractiveness to the EAEU in the eyes of Russia (Diesen 2018). Other EAEU member-states, especially small-scale economies in Central Asia, seem also favour such double engagement for its embedded leveraging effects against the economic powerhouse China.

¹⁵ Putin, Vladimir (2011) Novyi integratsionnyi proekt dlia Evrazii – budushchee, kotoroe rozhdaetsia segodnia, *Izvestiia*, October 3.

¹⁶ Putin, Vladimir, Novyi integratsionnyi proekt Yevrazii – budushchee, kotoroe rojdaetsya segodnya. *Izvestiya*. October 3, 2011. <http://www.izvestia.ru/news/502761>, accessed January 2, 2018; Lukashenko, Aleksandr, O sudbakh nashei integratsii. *Izvestiya*. October 17, 2011, <http://www.izvestia.ru/news/504081>, accessed January 2, 2018; Nazarbayev, Nursultan, Yevraziiskii soyuz: ot idei k istorii budushchego. *Izvestiya*. 25 October 2011, <http://www.izvestia.ru/news/504908>, accessed January 2, 2018.

¹⁷ Toward the Great Ocean – 5: From the Turn to the East to Greater Eurasia, Valdai Discussion Club, September 2017.

Institutionalisation and Evolution of EAEU

The EAEU is being increasingly perceived as a new international actor modelled after the EU (Dragneva and Wolczuk 2017). After the Eurasian Customs Union (CU) was commenced, the supranational institutions of Eurasian integration have started to come in place (Table 7) (Dragneva & Wolczuk 2013). The CU addressed the problems of codification of a contradictory and fragmented net of bilateral agreements into a unified legal regime. The decisions of the Eurasian Economic Commission and other bodies were given binding legal status (Box 2). A dispute resolution mechanism was created in 2010, which made it possible for private businesses to appeal against the actions of their counterparts, as well as decisions taken by CU bodies. In 2011, the legal framework of the CU was supplemented with the provisions concerning Russia's accession to the WTO and by the Treaty on the Functioning of the CU in the Multilateral System, which legally obliged the international agreement signed by the CU to comply with the WTO rules (Dragneva and Wolczuk 2012). This led to the creation of the EAEU envisioning the free flow of goods, services, labour and capital among its three members—Belarus, Kazakhstan and Russia—from January 2015.¹⁸ Following very tense debates about the nation's choice between the EU and Eurasian integration, Armenia joined the EAEU to become the fourth member in 2015. Having passed through a different format of debates—membership in the EAEU versus independence—Kyrgyzstan eventually accessed the EAEU as the fifth member in August 2015 (Kirkham 2016). For both countries, security considerations (especially for Armenia in her longstanding tensions with Azerbaijan and Turkey in a stalemate over Nagorno-Karabakh), prospects for the subsidised energy imports, larger opportunities for agricultural and processed food exports (Armenia had very pronounced concern about its famed speciality of the Soviet-era – cognac production), anticipation of liberalised access to the EAEU labour market (as of 2018, Armenia's remittances from Russia account for 16 % of GDP, Kyrgyzstan's – almost 33 %) and prospects for inflowing

¹⁸ Declaration on Eurasian Economic Integration, http://www.news.kremlin.ru/ref_notes/1091, Treaty on Eurasian Economic Union, https://www.docs.eaeunion.org/docs/ru-ru/0043610/itia_05062014, principal documents on Eurasian economic integration, <http://www.eec.eaeunion.org/ru/nae/news/Pages/22-03-2016-inf.aspx>, accessed May 30, 2019.

investment and affordable loans were the key factors influencing these countries' accession decisions (Yeliseyu 2019).

Table 7: The EAEU's Timeline

2000	Eurasian Economic Community (EurAsEC): Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan
2010	Eurasian Customs Union: Russia, Belarus and Kazakhstan coordination of macroeconomic policies
2011	CIS FTA: eight CIS countries, including Ukraine and Moldova
2012	Eurasian Economic Space 17 agreements on common economic spaces and common markets Eurasian Economic Commission (EEC)
2013	coordination of agricultural policies
2014	the Treaty on the Establishment of the EAEU (Treaty) signed on May 29
2015	the Treaty entries into force common service market, common labour market Court of the Eurasian Economic Union Armenia accesses to the EAEU on January 2 Kyrgyzstan accesses to the EAEU on August 12 FTA with Viet Nam on May 29 coordinated policies for labour and immigration, intellectual property, measurements and technical standards, phytosanitary and animal quarantine, consumer rights protection
2016	Eurasian Common Accounting Services Market Eurasian Common Exchange Stock
2017	Eurasian Common Pharmaceutical Market Eurasian Common Medical Products Market
2018	the Common EAEU's Customs Code harmonisation of administrative and criminal laws The Agreement on Trade and Economic Cooperation between the EAEU and China preliminary agreement towards FTA with Iran (May)
2019	EAEU's Common Electricity Market FTA with Singapore on October 1 FTA with Serbia on October 25 FTA with Iran effective October 27
2020	EAEU's common excise on alcohol and tobacco products
2023	Eurasian Currency Union
2025	Eurasian Common Transport Services Market Eurasian Common Financial Market EAEU's Financial Regulator Eurasian Common Gas Market Eurasian Common Oil and Oil Products Market

Source: author, based on <http://www.eurasiancommission.org/ru/Pages/library.aspx>, <http://www.eec.eaeunion.org/ru/nae/news/Pages/14-10-2015-inf.aspx>, <http://www.eaeunion.org/presentation/>, accessed May 23, 2019.

The EAEU is underpinned by institutional architecture, wherein common regulatory and judicial bodies are given prominence. These include the Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the Court of the Eurasian Economic Union (based in Minsk) and the Eurasian Economic Commission (EEC) as a permanent regulator of the integration process (based in Moscow).

The EAEU's founding documents declare: respect for the principles of international law; respect for the political systems of member-states; mutually beneficial cooperation, equality and respect of the national interests of the member-states; adherence to the principles of market economy and fair competition; and functioning of the Customs Union without exceptions and restrictions after the end of transition periods (Treaty, Art. 3). The main objectives of the EAEU are defined as follows: creating conditions for sustainable economic development for the sake of enhanced living standards of people; establishing common markets for goods, services, capital and labour force; and enhanced comprehensive modernization, cooperation and international competitiveness of economies in the global economy (Treaty, Art. 4).

Box 2: The EAEU's Institutions

SUPREME EURASIAN ECONOMIC COUNCIL

(representation level: heads of state of member states)
(convenes at least once a year)
(mode of decision-making: consensus, decisions are binding)
powers:

- considers fundamental issues of the Union's activities
- determines strategy for further integration
- makes decisions aimed at realizing the EAEU goals
- appoints Chairman, judges of the EAEU Court
- approves the EAEU budget
- determines size of contribution of member states
- decides procedures for admission of new members and termination of membership, granting or annulment of observer status or status of a candidate state
- approves international cooperation procedure
- makes decisions on negotiations with third parties

COURT OF THE EURASIAN ECONOMIC UNION

(permanently functioning)

powers:

- ensures uniform application of the EAEU Treaty and other Union treaties by the Member-States and EAEU bodies

EURASIAN INTERGOVERNMENTAL COMMISSION

(representation level: heads of the member-states governments)
(convenes at least twice a year)

(mode of decision-making: consensus, decisions are binding)

powers:

- ensures the implementation and control over the implementation of the EAEU Treaty, international treaties within the Union and decisions of the Supreme Council

COUNCIL OF THE EURASIAN COMMISSION

(representation level: deputy heads of government)

(mode of decision-making: consensus, decisions are binding)

powers:

- delivers general regulation of integration processes
- develops proposals for enhancement of integration
- provides general leadership of Commission's activities, including employment matters
- makes most important decisions in areas of tariff and customs regulation and other areas of delegated authority
- can repeal the Board's decisions

BOARD OF THE EURASIAN ECONOMIC COMMISSION

(representation level: two ministers nominated by the member-states)

(mode of decision-making: two-thirds majority or consensus, decisions are binding)

powers:

- monitors the implementation of superior bodies' decisions
- makes routine decisions in areas of tariff and customs regulation
- assists member states with settlement of disputes
- provides technical support for the EAEU other bodies
- drafts international treaties and decisions of the Commission

EURASIAN ECONOMIC COMMISSION

(representation level: professionals nominated by the member states; supervised by the Board)

(permanently functioning regulator)

powers:

- runs activities towards enhanced integration across more than 20 functional areas

Source: author, based on <http://www.eaeunion.org/presentation/>, accessed May 23, 2019.

The EAEU has its own financial institutions. Established in January 2006 with a registered capital of \$7 bn, the Eurasian Development Bank¹⁹ (EADB, based in Almaty). The EADB plays the role of a financing mechanism for the EAEU. In addition, in 2009 the Eurasian Fund for Stabilization

¹⁹ Tajikistan is the only non-member of the EAEU, which is a party to the EADB.

and Development (EFSD) (formerly, EurAsEC Anti-Crisis Fund) with a registered capital of \$8.513 bn, was established and is managed by the EADB.

The EAEU portrays itself as a platform for implementing the fundamental shifts in the architectures of Europe and Eurasia, from Lisbon to Jakarta (Yeliseyev 2019), by structuring its relations with the EU, ASEAN and China, including a vast host of prospects opening under the latter's BRI. In 2016, the EAEU concluded its first FTA with Vietnam, and in 2019 with Singapore and Serbia. A provisional FTA with Iran was concluded in May 2018, which became effective in October 2019. Also, in May 2018, the Agreement on Trade and Economic Cooperation between the EAEU and China was signed, which is perceived as the first step towards striking a full-fledged FTA. Besides, various kinds of cooperative schemes are being negotiated with India, Israel and Egypt (Table 7). Currently, the potential for deeper economic cooperation with ASEAN, MERCOSUR, Andean Community, Greece, Morocco, Jordan, Mongolia, South Korea, New Zealand, Cambodia, Laos, Thailand is assessed. The vision of Greater Eurasian Partnership with the EAEU's leading role and involving member-states of the EU, Shanghai Cooperation Organisation (SCO)²⁰ and ASEAN is being increasingly popularised by the EAEU member-states' officials as a rational linkage with China's BRI.²¹ The EAEU and China stated their desire to "create the conditions for the development of mutual trade relations" and the "promotion of economic relations." The EAEU and China are also "[r]ecognising the importance of conjunction of the Eurasian Economic Union and the Belt and Road initiative as a means of establishing strong and stable trade relations in the region."²²

²⁰ After India and Pakistan joined the SCO in 2017, the number of its members reached eight.

²¹ See recent publications by the Valdai Discussion Club, available at <http://ru.valdaiclub.com>, accessed 27 February 2017.

²² Agreement on Economic and Trade Cooperation Between the Eurasian Economic Union and its Member States, of the One Part, and The People's Republic of China, of the Other Part, http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%d0%a1%d0%be%d0%b3%d0%bb%d0%b0%d1%88%d0%b5%d0%bd%d0%b8%d0%b5%20%d1%81%20%d0%9a%d0%b8%d1%82%d0%b0%d0%b5%d0%bc/%d0%a2%d0%b5%d0%ba%d1%81%d1%82%20%d0%b0%d0%bd%d0%b3%d0%b8%d0%b9%d1%81%d0%ba%d0%b8%d0%b9%20%28EAEU%20alternat%29%20final.pdf, accessed June 20, 2019.

Discussion and Conclusions

Returning to our initial enquiry about the nature of the EAEU's integration, the tenets of Eurasianism can be traced back to the nineteenth century. Russia's geographic location, historical and cultural interconnections with the neighbouring countries make the concept of Eurasian economic integration nothing but a rational and well-grounded vision. By the spirit of its founding documents, the EAEU is an economic integration. Its objectives emphasise the importance of improved living standards, free markets and enhanced competitiveness. Moreover, the father of the idea of the Eurasian Union the former president of Kazakhstan Nursultan Nazarbayev²³ articulated specifically that the EAEU is an economic and not a political union. Nazarbayev elaborated that Kazakhstan (like any other member-state), according to the EAEU's Treaty, is free to leave the Union and it will do so if there is any threat to Kazakhstan's independence. A frequently repeated argument that Russia has real channels to determine the decision-making process in the EAEU clashes with reality. Whereas the member-states assume that owing to the differences in the scale of economies, Russia stands to draw larger benefits from deeper integration, it is exactly the opposite: Russia's initiatives tend to be taken warily, put through more profound scrutiny and oftentimes rejected (Libman 2018).

The EAEU is an integration of diverse economies in terms of their scale, resource endowment, structure, among others. This, however, is a common fact for economic integrations. Despite all the EAEU economies have diversified their economic ties throughout the years of independence, they all can still be characterised as having preserved strong connections with the Russian economy and this was a factor supporting the initial integration. What is often being discussed is a challenge for smaller economies in their endeavour to obtain some benefits from integration. The results of statistical analysis presented in a related work (Shadrina 2020) demonstrate that smaller EAEU economies have so far been successful in establishing more diversified ties with the EAEU

²³ Kazakhstan may leave the EEU if its interests are infringed: Nazarbayev, https://en.tengrinews.kz/politics_sub/Kazakhstan-may-leave-EEU-if-its-interests-are-infringed-255722/, accessed June 30, 2019.

nations. While it is indisputable that Russia dominates in all intra-EAEU economic transactions simply because the scale of Russian economy remains large in comparison with the other EAEU economies, it shall be noted that Russia's engagement with the EAEU economies also gradually increases.

The EAEU's formation has been an organic growth process with three actors steadily interested in taking it further and deeper. The EAEU has been evolving despite being largely (mis)interpreted as the antithesis of the EU. The post-Soviet economies were confronting themselves with unnecessary ultimatums. A somehow evolved formula that integration with the EAEU cancels out the prospects of integration with the EU inflicted dramatic turns in the post-Soviet economic history. Having progressed with the institutionalisation of their integration initiative, the EAEU member-states moved from cooperation to integration: from "lessening discrimination" to "suppression of some forms of discrimination" (Balassa 1961: 2). As the EAEU has become an international entity endowed with its own legal personality, the international actors have started engaging with the EAEU on an inter-regional basis rather than with individual member states. The EAEU activated its international legal authority by probing wider cooperation through trade agreements with Vietnam, Singapore, Serbia and China. The EAEU created supranational institutions for the macroeconomic and sectoral policymaking and the implementation of integration initiatives. As the goals and objectives of the EAEU declare the importance of enhanced economic welfare of the member-states, the EEC broadened the range of areas to see an enhanced integration. This includes harmonisation of digitalisation of the economies, integration of pharmaceutical markets, the unification of standards and processes, and many more besides conventional liberalisation of trade, investment, and labour migration.

With all the differences in place between the national political systems and processes, there are important complementarities (Kobayashi 2017, 2019). The characteristics of the EAEU member-states (non-democratic) political systems are oftentimes pointed to as the setbacks to the authentic economic integration (Yeliseyeu 2019). Yet, the fact that the systems are cohesive for the similarity of their principal parameters is critical for the integration to incept and unfold. At the level of business elites, there seems to be an essential cohesiveness as well, because the EAEU economies are dominated by state-owned companies or businesses loyal to the national political elites. The

EAEU economies' institutional cohesiveness and complementarity are one of the factors spurring Eurasian integration (Shadrina 2018, 2019). Economic integration often results in the overlaps of interests, which complicates the negotiation and results in the delays of the integration initiatives' implementation. The EAEU also has such experience having spent considerable time and investing efforts in negotiations over transition periods, tariff and non-tariff barriers, among others. The negotiations before the accession have taken place with Russia's various offerings to the potential candidates as a means of their persuasion in the attractiveness of the EAEU's membership. For Kyrgyzstan, a US\$1 bn Russian-Kyrgyz development fund and the writing off of a US\$0.3 bn of debt were part of the accession deal. Armenia was given a 30 % discount on Russian gas. Besides, Russia's continued military and political support of Armenia in its complicated relations with the neighbouring Azerbaijan and Turkey was also factored in. Belarus, as is known, relies heavily on subsidised Russian oil and gas (which is assessed as being equivalent to about $\frac{1}{4}$ of the country's GDP), as well as receives substantial loans, such as the 2016 US\$2 bn loan from the EDB. A favourable aspect for the negotiation and decision-making processes is that the five still member-states rely on the Russian language as the *lingua franca*, albeit the future of this is not guaranteed. A growing number of young generation population in the EAEU members do not choose to study Russian as a foreign language. Also, Kazakhstan's plan to complete transition from the Cyrillic to the Latin alphabet by 2025 is likely to weaken the familiarity with the Russian language in the country.

Weighing economic integration in the EAEU "...as a process" or "as a state of affairs" (Balassa 1961: 1), it is accurate to characterise the EAEU as a process. The EAEU has accomplished various measures designed to abolish discrimination among the EAEU economies, and it is yet to expand integration at higher levels through, for example, monetary and transport policies, and deepen integration across the sectors, unifying, for instance, the financial and energy markets.

The example of the EU remains the best integration project so far mastered by humankind. The EU has a rich history of its own bitter lessons and inspiring accomplishments. It, therefore, cannot be anything other than the two — the EU and the EAEU — interacting harmoniously. Currently, the establishment of formal ties with the EAEU is problematic over the geopolitical

and geoeconomic reasons (Kazantsev 2015, Molchanov 2015, Dutkiewicz & Sakwa 2015, Lane and Samokhvalov 2015), although scholars of the post-Soviet integration admit that the EU is a natural partner for the EAEU (Pastukhova and Westphal 2015, Gusev and Westphal 2016, Nitoiu 2017). A feeble ray of hope in such an unfavourable context is that since 2017 the Erasmus+ Programme of the EU runs the project “Simulating EU-Eurasian Economic Union Negotiations to Encourage Transnational Active Learning and Civil Dialogue” at the St.-Petersburg State University. In 2019, the main goal of the Simulation Game, as eccentric as it may sound, was to work out a basic agreement on a DCFTA between the EU and the EAEU.

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